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September 26, 2003

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| September 26, 2003<br>Date   | <br>David L. Parker |

Commissioner for Patents  
P. O. Box 1450  
Alexandria, VA 22313-1450

Re: SN 09/550,752 entitled "System and Method of Investment Management Including Means to Adjust Deposit and Loan Documents for Inflation" by Leon et al.  
Our ref: TTHC:003

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Commissioner:

OCT 02 2003

Transmitted herewith for filing are:

**GROUP 3600**

1. Response to Office Action Dated July 2, 2003;
2. Copy of Brief on Appeal, Examiner's Answer, and Reply Brief in Reexam Serial No. 90/005,841;
3. Copy of Brief on Appeal, Examiner's Answer, and Reply Brief in Reexam Serial No. 90/005,842; and
4. A return postcard to acknowledge receipt of these materials.

It is believed that no fees are due. However, should any fees under 37 C.F.R. §§ 1.16 to 1.21 be required for any reason, the Commissioner is authorized to deduct said fees from Fulbright & Jaworski L.L.P. Account No.: 50-1212/TTHC-003.

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| APPLICATION NO. | FILING DATE | FIRST NAMED INVENTOR | ATTORNEY DOCKET NO. | CONFIRMATION NO. |
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7590 07/18/2003  
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EXAMINER

Geoffrey R. Akers

ART UNIT PAPER NUMBER

3624

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DATE MAILED: 07/18/2003

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BEFORE THE BOARD OF PATENT APPEALS  
AND INTERFERENCES

Application Number: 90/005,841

Filing Date: 10/06/00

Appellant(s): Leon et. al.

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Paper No. 17

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David L. Parker

For Appellant

EXAMINER'S ANSWER

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This is in response to the appeal brief filed 5/23/02.

**(1) *Real Party in Interest***

A statement identifying the real party in interest is contained in the brief, which is Trans Texas Holding Corporation.

**(2) *Related Appeals and Interferences***

The brief contains a statement identifying the related appeals. There is currently an appeal being filed concurrently on Reexam Serial Number 90/005,842 with the same inventors.

**(3) *Status of Claims***

The statement of the status of the claims contained in the brief is correct.

**(4) *Status of Amendments After Final***

No amendment after final has been filed.

**(5) *Summary of Invention***

The summary of invention contained in the brief is correct.

**(6) *Issues***

The appellant's statement of the issues in the brief is correct.

**(7) *Grouping of Claims***

The appellant's statement in the brief that certain claims do not stand or fall together is not agreed with because claims 25-26, 34-35 stand or fall with parent claim 24 and claims 37-44 stand or fall together and 2-22,31,33,34 stand or fall with their respective parent claims.

**(8) *Claims Appealed***

The copy of the appealed claims contained in the Appendix to the brief is correct.

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**(9) Prior Art of Record**

The following is a listing of the prior art of record relied upon in the rejection of claims under appeal.

4,774,663                      Mussamanno et. Al.                      9-1988  
BATES #C26: MUKHERERJEE et al., "Indexation in an Inflationary Economy: A Case  
Study of Finland", Broadsheet No: 551, pp 50-110, 00/1976

BATES #C8: BODIE: "An Innovation for Stable Real Retirement Income" Portfolio Management,  
Fall, 1980

BATES #C2: WILLIAMSON, ed "Inflation and Indexation: Argentina, Brazil & Israel, MIT  
Press, 1985

**(10) Grounds of Rejection**

The following ground(s) of rejection are applicable to the appealed claims:

1. Claims 24-26, 28-32, 34-37 & 38-44 are rejected under 35 U.S.C. 103(a) as being unpatentable over {BATES # C26): MUKHERERJEE et al. , "Indexation in an Inflationary Economy: A Case Study of Finland," Broadsheet No. 551, pp. 50-110, 00/1976, in view of MUSAMANNO et al. US 4,774,663 A (09/1988).
2. Per independent claim 24, MUKHERERJEE et al. discloses in an investment system for managing inflation risk: establishing data representative of a deposit account with an institution ("index-linked account... (for) deposit-page 51 Paragraphs 2 et seq.), the deposit account having a principal component representing the cash investment ("initial deposit"-page 51 Paragraphs 2 et seq) of a depositor for an account term (e.g., "a year"-page 51 Paragraphs 2 et seq)-, and

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an accrual component comprising a fixed interest component which is enhanced at a fixed interest rate times the principal component ("basic rate of interest"-page 54, Paragraph 5, lines 1-2) and a variable interest component which is enhanced at an index responsive to the rate of inflation times the principal component ("index-compensation... Once the cost of living index ... had risen 2 points the capital was increased by as many as full {sic.} 2 percents..."-page 2, Paragraph 4 et seq.); and an account management data-processor (claimed data processor was suggested by the very complex nature of the calculations, and by observation that computers would have calculated more rapidly and accurately than humans) including means for paying the deposit account over the term ("index-compensation... Once the cost of living index ... had risen 2 points the capital was increased by as many as full {sic.} 2 percents..."-page 2, Paragraph 4 et seq.). MUKHERERJEE et al. lacks, an explicit recitation of the data-processor for account management. It not explicitly recited that these accounts were managed with data-processors, noting that there were only a limited number of computers in use in 1958, and the state of automation in Finland when this teaching was published is not fully documented in the prior art of record. However, VMUSA\_MANNO et al. demonstrates the use of claimed means (data processors) for calculating managing accounts and calculating appropriate balances. MUSAMANNO et al., on the other hand, demonstrates that it was notoriously well-known to employ data-processors to manage plural accounts (abstracts). it would have been obvious to a Person Having Ordinary Skill In The Art, i.e., PHOSITA, at the time of the invention to automate MUKHERERJEE et al. on a data-processor such as MUSAMANNO et al. in order to facilitate account management. Furthermore, it is noted that the court held that merely automating a manual process is not patentable if it achieves an identical result In re Venner, 262 F.2d 91, 95, 120 USPQ 193, 194 (CCPA 1958). In the present case, Applicant has failed distinguish and

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delineate by claimed elements any different result in substance than MUKHERERJEE et al., therefore, the mere automation of MUKHERERJEE et al., as presently claimed, would not be considered patentable, especially in view of the computerization of similar processes taught by MUSAMANNO et al at the time of the invention.

3. Per dependent claim 25, MUKHERERJEE et al. and MUSAMANNO et al. demonstrates all claimed elements as applied in the rejection of independent claim 24, supra. MUKHERERJEE et al. lacks a detailed recitation of the claimed "the account term being divided into a plurality of iteration periods.". However, the claimed iteration period was notoriously well-known and ubiquitously in use, and further explicitly demonstrated by MUSAMANNO et al.: "daily iteration"--col. 6, lines 5-10; col. 6, lines 19-21. It would have been obvious to PHOSTTA at the time of the invention to divide the account into iteration periods, in order to compound interest payments accurately for an arbitrary deposit term, and in order to maximize compounding as was well-known in the art and suggested by MUSAMANNO et al.(col. 6, lines 19-21).

4. Per dependent claim 26, MUKHERERJEE et al. and MUSAMANNO et al. demonstrates all claimed elements as applied in the rejection of independent claim 24, supra. Although "the fixed interest component for the current iteration period being enhanced additionally at a fixed interest rate times the accrual component for the previous iteration period". However, this is a notoriously well-known characteristic of "compounding" and is explicitly suggested by "the deposits received interest at 4 3/4 percent"-page 52, Paragraph 5 of MUKHERERJEE et al., since the rate is an annual percentage rate and deposits were deposited for more than a year. "An artisan is likely to extract more than a layman from reading a reference" In re Oetiker (CA FC) 24 USPQ2d 1443 (10/13/1992). Furthermore, it would have been obvious to PHOSITA at the time of the invention to compound the interest of MUKHERERJEE et al. in the manner

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delineated by dividing the fixed interest over intervals and applying the part for the given interval in order to increase interest effective interest rates and thus attract depositors over competitors via regular compounding.

5. Per dependent claim 28; MUKHERERJEE et al. and MUSAMANNO et al. demonstrates all elements as disclosed in the rejection of dependent claim 25, supra. MUKHERERJEE et al. fails to explicitly suggest " the fixed interest rate being compounded continuously". However, continuous compounding of interest was notoriously well-known and ubiquitous in the technical field of endeavor. It would have been obvious to PxsrrA to employ continuous compounding in the system of MUKHERERJEE et al. and MUSAMANNO et.al. in order to maximize compounding and thus attract lenders (e.g., depositors), and further to make them attracted better rates due to continuous compounding.

6. Per dependent claim 29; MUKHERERJEE et al. and MUSAMANNO et al. demonstrates all elements as disclosed in the rejection of dependent claim 25, supra. Regarding , "a bond" "a CD", or "an annuity" it is noted that this is Markush claim (although not in usual Markush format) See Ex i2arte Markush, 1925 C.D. 126 (Comm'r Pat 1925). MUKHERERJEE et al explicitly discloses a CD (page 51, noting the minimum term for the deposit) and bond accounts (page 52, Paragraph 5 et seq.). MUKHERERJEE et al. further discloses claimed bonds (e.g., Mortgage Bank Bonds' & 'Industrial Bonds' page 61 rubrics), It is noted, nonetheless, on-line in the interest of "compact prosecution", that the claimed annuity would have been an obvious variation of the indexed deposit account, because an annuity would have reflected underlying savings vehicles, a and an inflation indexed savings vehicle was explicitly disclosed by MUKHERERJEE et al. and MUSAMANNO et al.. It would have been obvious to PHOSITA at the time of the invention to employ the inflation indexed account of MUKHERERJEE et al. and



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MUSAMANNO et al. in an annuity in order to inflation proof the annuity, and thus give investors peace of mind against an inflation ridden economy. It is further suggested by indexing "life insurance"-page 64 Paragraph 2 et seq. of MUKHERERJEE)

7. Per dependent claim 30; MUKHERERJEE et al. and MUSAMANNO et al. demonstrates all elements as disclosed in the rejection of dependent claim 25, supra. ; MUKHERERJEE et al. further discloses " the principal component being constant over the account term and retired at the end of the account term by a lump sum payment to the depositor." ("no withdrawals could be made for a year... whereas an ordinary deposit account could be closed in six months"-page 51, Paragraph 3. ).
8. Per dependent claim 31 (which depends on independent claim 24, supra); "Official Notice" is hereby taken that it was notoriously well-known to pay out savings instruments on a periodic schedule for interest, and in a lump sum for principle. This is further implicitly suggested by the bonds" of MUKHERERJEE et al. (See e.g., rubric 'Mortgage Bank Bonds'.) It would have been obvious to PHOSITA at the time of the invention to structure the deposits of MUKHERERJEE et al. and MUSAMANNO et al as interest payments on a first schedule and principle on a second schedule in order to suit investors need for income, and a maturity period as was notoriously well-known, and in order to lock in an investor for a longer period of time and thus reduce the risk to the lender. It is further noted that this limitation has been alternately addressed under art provided infra.
9. Per dependent claim 32; MUKHERERJEE et al. and. MUSAMANNO et al. demonstrates all elements as applied in the rejection of 24, supra. MUKHERERJEE et al further discloses: "the index corresponding generally to the consumer price index" ("cost of living index" page 51, Paragraph 3). .

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10. Per dependent claim 34; MUKHERERJEE et al. and MUSAMANNO et al. demonstrates all elements as applied in the rejection of 24, supra. further discloses claimed: "deposit account being used to finance property of the institution." ("apply an extra charge to all loans equal to half the rise in the index, and then use the funds to compensate... depositors"-page 50, col. 1. Furthermore, it is noted that banks inherently acquire assets, because that is one of the functions of a bank, and was necessary to maintain solvency. It is further taught by the application to "Mortgage Banks" (page 61). Regarding implicit and inferred teachings relied upon, it is noted that 'an artisan is likely to extract more than a layman from reading a reference'-In re Oetiker (CA FC) 24 USPQ2d 1443 (10/13/1992).

11. Per dependent claim 35; "the deposit account being secured by property of the institution" is implicit in MUKHERERJEE et al. because this was a well-known method of running a bank. It would have been obvious to PHOSTA at the time of the invention to secure the account of MUKHERERJEE et al. and MUSAMANNO et al. in order to assure depositors, and thus attract depositors, and in order to make money on deposits.

12. Per independent claim 36, MUKHERERJEE et al discloses; establishing data representative of at least one deposit account for a term ("index-linked account... {for} deposit-page 51 Paragraphs 2 et seq.); establishing data representative of at least one loan account for a term ("index surcharge on all loans"--page 50, paragraph 4), the loan account having a loan principal component and a loan accrual component, the loan accrual component having a fixed interest component and variable and variable interest component ("half interest and amortization fully linked to {the} index"-page 67, paragraph 3); and servicing the accounts over the term, comprising: adjusting the amount in the deposit account in a manner

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responsive to the rate of inflation ("Once the cost of living index, the capital was increased was increased by as many as 2 per cents as the index risen between deposit and withdrawal"-page 50, col. 2, Paragraph 3); paying out the deposit account ("withdraw"-page 50, Paragraph 3); determining the amount in the loan accrual component in a manner responsive to the rate of inflation ("Banks started to make indexed charges on loans when their index deposit business became of appreciable size... {for example} The Post Office Bank usually tied its loans 25 % to the cost of living index- page 68, top 2 paragraphs); and retiring the loan account over the term , including: retiring the fixed interest component by a first schedule over the term (inherent in "Half of every loan was repayable in an ordinary way and the other half and interest [sic.]and amortization fully linked to the index"page 67. , and retiring the loan principal component by a second schedule over the term ("amortization fully linked to the index"-page 67.). MUKHERERJEE et al. lacks, an explicit recitation of the claimed means, i. e., dataprocessor, account management because it is not explicitly recited that these accounts were managed with data-processors, noting that there were only a limited number of computers in use in 1958, and the state of automation in Finland is not fully documented by the prior art of record. However, MUSAMANNO et al. demonstrates the use of claimed means (i.e., data-processors ) for calculating managing accounts and calculating appropriate balances. MUSAMANNO et al., on the other hand, demonstrates that it was notoriously well-known to employ data-processors to manage plural accounts (abstracts). it would have been obvious to a Person Having Ordinary Skill In The Art, i.e., PHOSITA, at the time of the invention to automate MUKHERERJEE et al. on a data-processor such as MUSAMANNO et al. in order to facilitate account management. Furthermore, it is noted that the court held that merely automating a manual process is not

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patentable if it achieves an identical result In re Venner, 262 F.2d 91, 95, 120 USPQ 193, 194 (CCPA 1958). In the present case, Applicant has failed to claim any different result than MUKHERERJEE et al., therefore, the mere automation of MUKHERERJEE et al., as presently claimed, would not be considered patentable. It is noted that the Examiner has relied on inherence in the schedule of the repayment of the fixed interest and principle. This is because MUKHERERJEE et al. recites the interest surcharge as "additional interest" (page 68), i.e., in addition to regular interest payments on the loan. Furthermore, since it was a loan, the interest inherently MUST had a repayment schedule for both the regular interest and principle, because an institution would not have loaned money without a schedule for being paid back (although in-depth details of the schedule are neither described in entirety by the prior-art applied nor claimed in substance by Applicant).

13. Per dependent claim 37, MUKHERERJEE et al and MUSAMANNO et al. demonstrates all elements as applied in the rejection of independent claim 36, supra. MUKHERERJEE et al.

further discloses claimed account management data-processor further comprising means for retiring the loan variable interest component by a third schedule over the term. ("This meant, for example, that in a year when the index rose by 10 percent, a bank with of its deposits in fully indexed link accounts would place an index surcharge of 2% on all its outstanding loans... The surcharge became payable immediately by borrowers as additional interest... -page 68, Pps. 1-2)

Per dependent claim 39, MUKHERERJEE et al and MUSAMANNO et al. demonstrates all elements as applied in the rejection of independent claim 36, supra. Per the limitation of "wherein the means for retiring the loan account permits prepayment of the loan account", "Official Notice" is hereby taken that this was a notoriously well-known feature of many loan

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accounts at the time of the invention to allow for prepayment of loans. It would have been obvious to PHOSITA at the time of the invention to include a prepayment ability in the system of MUKHERERJEE et al and MUSAMANNO et al. in view of this 'common knowledge' and practice, in order to increase flexibility for the borrower and thus reduce likelihood of default. It would have also increased likelihood of consumers accepting the loan, because the possibility of prepayment would have reduced risk to them.

14. Per dependent claim 40, MUKHERERJEE et al and MUSAMANNO et al. demonstrates all elements as applied in the rejection of independent claim 36, supra. MUKHERERJEE et al further discloses "enhancing the loan principal component in a manner responsive to the variable interest component by multiplying the loan principal component by a variable interest rate and adding at least a predetermined portion of their product to the loan principal component) ("for example, a year when the indexed rose by 10 %... 2% on all its outstanding loans"-page 68, Pps. 1-2.

15. Per dependent claim 41, MUKHERERJEE et al and MUSAMANNO et al. demonstrates all elements as applied in the rejection of independent claim 36, supra. MUKHERERJEE et al further discloses "determining the rate of inflation comprises a consumer price indexing means" ('cost of living index' & 'price index'-page 67, PPs 3-4).

16. Per dependent claim 42, MUKHERERJEE et al and MUSAMANNO et al. demonstrates all elements as applied in the rejection of independent claim 36, supra. Regarding, "a bond" "a CD", or "an annuity" it is noted that this is Markush claim (although not in usual Markush format) See Exnarte Markush, 1925 C.D. 126 (Comm'r Pat 1925). MUKHERERJEE et al explicitly discloses a CD (page 51, noting the minimum term for the deposit) and bond accounts (page 52, Paragraph 5 et seq.). MUKHERERJEE et al. further discloses claimed bonds (e.g., Mortgage Bank Bonds' & 'Industrial Bonds'-page 61 rubrics). It is further

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noted, in the interest of "compact prosecution", that the claimed annuity would have been an obvious variation of the indexed deposit account, because an annuity would have reflected underlying savings vehicles, a and an inflation indexed savings vehicle was explicitly disclosed by MUKHERERJEE et al. and MUSAMANNO et al.. It would have been obvious to PHOSITA at the time of the invention to employ the inflation indexed account of

MUSAMANNO et al. in an annuity in order to inflation proof the annuity, and thus give investors peace of mind against an inflation ridden economy. Such an annuity payout is further suggested by indexing "life insurance"-page 64 Paragraph 2 et seq. of MUKH).

17. Per dependent claim 43, MUKHERERJEE et al and MUSAMANNO et al. demonstrates all elements as applied in the rejection of independent claim 36, supra. MUKHERERJEE et al. further discloses claimed "mortgage": "an extra charge to all loans"-page 50, Paragraph 3. Furthermore, it is explicitly stated that mortgage banks use this method of offsetting inflation indexed deposits with inflation indexed loans (page 61, rubric "Mortgage Bank Bonds").

18. Per dependent claim 44; "Official Notice" is hereby taken that it was notoriously wellknown to pay out savings instruments on a periodic schedule for interest, and in a lump sum for principle. This is suggested by the bonds" of MUKHERERJEE et al. (See e.g., rubric `Mortgage Bank Bonds). It would have been obvious to PHOSITA at the time of the invention to structure the deposits of MUKHERERJEE et al. and MUSAMANNO et al as interest payments on a first schedule and principle on a second schedule in order to suit investors need for income, and a maturity period as was notoriously well-known, and in order to lock in an investor for a longer period of time and thus reduce the risk to the lender. It is further noted that this limitation has been alternately addressed under art provided infra.

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19. Claims 1-23, 31, 33, & 44 are rejected under 35 U.S.C. 103(a) as being unpatentable over (BATES # C26): MUKHERERJEE et al., "Indexation in an Inflationary Economy: A Case Study of Finland," Broadsheet No. 551, pp. 50-110, 00/1976, in view of (BATES # C8): BODIE, "An Innovation for Stable Real Retirement Income, Portfolio Management Fall/ 1980 and further in view of MUSAMANNO et al. US 4,774,663 A (09/1988).

20. Per dependent claim 31; MUKHERERJEE et al. and MUSAMANNO et al. demonstrates all elements as applied in the rejection of 24, supra. MUKHERERJEE et al. and MUSAMANNO et al. lacks an explicit recitation of "the accrual component being retired over a plurality of iteration periods in the account term by payment to the depositor in each iteration period.". It is noted, however, that this feature is characteristic of an annuity. BODIE suggests a "purchasing power annuity" which is linked to the cost of living index (page 5, col. 2). It would have been obvious to PHOSITA at the time of the invention to employ an index linked account as taught by MUKHERERJEE et al. and MUSAMANNO et al. in conjunction with an annuity payout in order to hedge retirement income against inflation, as suggested by the explicit balancing of index-linked deposits with indexed linked obligations (page 50 of MUKH) using a ubiquitous and popular financial retirement savings and payout format: annuities.

21. Per dependent claim 33; MUKHERERJEE et al. and MUSAMANNO et al. demonstrates all elements as applied in the rejection of 24, supra. MUKHERERJEE et al further discloses: "the index corresponding generally to the consumer price index" ("cost of living index"-page 51, Paragraph 3). . The Examiner believes that this meets recitation by MUKH full meets the claimed limitation. However, in the

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interest of "compact prosecution", it is noted that BODIE explicitly employs the cost of living index for inflation indexed instruments (page 1, column 2). It would have been obvious to PHOSITA at the time of the invention to employ generally the "cost of living" index as the inflation index of MUKHERERJEE et al in order to achieve close indexing of inflation, and because the "cost of living" index would have been - recognized as a good indicator of inflation.

22. Per dependent claim 44, MUKHERERJEE et al and MUSAMANNO et al. demonstrates all elements as applied in the rejection of independent claim 36, supra. It is noted, however, that this feature is characteristic of an annuity. BODIE suggests a "purchasing power annuity" which is linked to the cost of living index (page 5, col. 2). It would have been obvious to PHOSITA at the time of the invention to employ an index linked account as taught by MUKHERERJEE et al. and MUSAMANNO et al. in conjunction with an annuity in order to hedge retirement income against inflation, using a popular retirement financial format: annuities. 28. Per independent claim 1, , MUKHERERJEE et al discloses: establishing data representative of at least one deposit account for a term, the deposit account having a deposit principal component ("e.g., "A lump sum of 30,000 markka... was required to open an index linked component"-page 51, Paragraph 3) and a deposit accrual component (, the deposit accrual component having a fixed interest component ("index tied deposits received the same regular interest as did ordinary deposits"-page 52, Paragraph 2) and a variable interest component; and servicing the deposit account over the term, including: determining the rate of inflation ("cost of living index"-page 51, adjusting the amount in the deposit accrual component in a manner responsive to the rate of inflation ("the capital was increased as many as 2 points as the index. risen"-page 51, Paragraph 4);



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MUKHERERJEE et al lacks an explicit discussion of a retirement schedule for the deposit. It does, however, provide for paying out interest and principle of these accounts on a schedule: ("Repayment [of a bond] was to [have] five annual installments, each of starting nominal value, and because of the index link, of equal final real value"-page 59, Paragraph 4 et seq.). The Examiner believes that this in and of itself explicitly suggests paying out a deposit account on a schedule. In the interest of "compact prosecution", however, it is explicitly noted that MUKHERERJEE et al. suggested to employ such indexing in conjunction with life, accident insurance and pensions. BODIE, on the other hand, explicitly suggests an annuity defined in purchasing power terms comprising: retiring the fixed interest component by a first schedule over the term (inherent in annuities); and paying the deposit principal component according to a second schedule over the term (inherent in annuities). It would have been obvious to PHOSITA at the time of the invention to employ an indexlinked account in a fixed payout schedule because MUKHERERJEE et al. describes "Endowment [life insurance] policies [which] are more complicated to index link... [because] the insurance company needs to find indexed linked investments in addition to asking the policy holder for an index linked premium"-page 64, Paragraph 3... and "For a time the companies went on getting index-linked income from existing government bonds and credited to index linked policies"-page 64, Paragraph 4). Thus, MUKHERERJEE et al explicitly suggests using index linked savings bonds with insurance policies, and index linking payments from these policies using the money earned from this type of investment. BODIE explicitly suggests index linking annuities, a popular insurance format. It would have been obvious to PHOSITA at the time of the invention to combine the savings accounts, e.g., index linked bonds, with an index linked annuity in order to provide the cost of living adjustments needed by these annuities, and in order to insure that the annuity keeps up with inflation. MUKHERERJEE et al. lacks, an

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explicit recitation of the claimed "means", i.e., dataprocessor for account management, rather it discloses a method. Further, It not explicitly recited that these account methods were executed with data-processors, noting that there were only a limited number of computers in use in 1958, and the state of automation in Finland is not fully documented by the prior art of record. However, MUSAMANNO et al. demonstrates the use of claimed means (data-processors) for calculating managing accounts and calculating appropriate balances. MUSAMANNO et al., on the other hand, demonstrates that it was notoriously wellknown to employ data-processors to manage plural accounts (abstracts). it would have been obvious to a Person Having Ordinary Skill In The Art, i.e., PHOSITA, at the time of the invention to automate MUKHERERJEE on a data-processor such as MUSAMANNO et al. in order to facilitate account management. Furthermore, it is noted that the court held that merely automating a manual process is not patentable if it achieves an identical result In re Venner, 262 F.2d 91, 95, 120 USPQ 193, 194 (CCPA 1958). In the present case, Applicant has failed to delineate and claim elements any different result in substance than the obvious combination of the method of MUKHERERJEE et al., therefore, the mere automation of MUKHERERJEE et al. on a data-processor, as presently claimed, is not patentable.

23. Per dependent claim 2, claimed means for retiring the variable interest component are implicit in the combination, supra, since the deposit accrues variable interest which must have been paid out in the combination, supra, based on "common sense" of PHOSITA in the technical field of endeavor.

24. Per dependent claim 3, it is noted that MUKHERERJEE et al. explicitly discloses "annual payments". it would have been obvious to PHOSITA at the time of the invention to pay out all three components on the same schedule in order to simplify accounting by mailing out 1 check for all three payments.

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25. Per dependent claim 4, MUKHERERJEE et al. and BODIE demonstrates all elements as applied in the rejection of independent claim 1, supra. Per the limitation of "a lump sum payment", "Official Notice" is taken that it was notoriously well-known to pay out insurance policies and other savings instruments in a lump sum principle payment. It would have been obvious to PHOSITA at the time of the invention to pay out principle in a lump sum payment in order to allow flexibility in the combined financial instrument of MUKHERERJEE et al. and BODIE.

26. Per dependent claim 5, noting dependency on independent claim 1, supra, the above description of MUKHERERJEE et al. and BODIE fails to address the claimed index linked loan. However, firstly, it is noted that a bond is de facto both a "savings account" and "a loan". It is further noted that MUKHERERJEE et al. explicitly disclosed offsetting index linked obligations with index linked investments, e.g., mortgage bonds and the like ("the initial idea had been to apply an extra charge to all loans equal to half the rise in the index, and then to use the funds to compensate depositors"-page 50, Paragraph 3; see also rubric "Mortgage Bank Bonds"-page 61). It would have been obvious to PHOSITA to implement mortgage loans in the manner suggested by MUKHERERJEE et al. in MUKHERERJEE et al. and BODIE in order to insure that deposit obligations would be paid and to minimize risk, and because it was implicitly suggested by the citations of MUKH relied upon to index loan to pay indexed deposits.

27. Per dependent claim 6, MUKHERERJEE et al. and BODIE demonstrates all elements as applied in the rejection of dependent claim 5, supra. MUKHERERJEE et al. further discloses: retiring the loan account over the term, including retiring the fixed interest component by a first schedule over the term (inherent in "Half of every loan was repayable in an ordinary way and the other half

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retiring the loan principal component by a second schedule over the term ("amortization fully linked to the index"-page 67.).

28. Per dependent claim 7, MUKHERERJEE et al. and BODIE demonstrates all elements as applied in the rejection of dependent claim 5, supra. MUKHERERJEE et al. further discloses: enhancing the loan principle component ("extra charge ro all loans equal to half the rise in the index"-page 50) retiring the loan principal component by a second schedule over the term ("amortization fully linked to the index"-page 67).

29. Per dependent claim 8, MUKIJERERJEE et al. and BODIE demonstrates all elements as applied in the rejection of dependent claim 5, supra. MUKHERERJEE et al. further discloses: Fixed interest component (inherent in "loan"-page 68, top) variable interest component ("index surcharge"-page 68, top; "The surcharge became payable immediately by borrowers as additional interest..."-page 68, Paragraph 2)).

30. Per dependent claim 9 & 10, MUKHERERJEE et al. and ODIE demonstrates all elements as applied in the rejection of dependent claim 5, supra. MUKHERERJEE et al. further discloses: claimed variable interest component ("index surcharge"-page 68, top) retiring the fixed interest component by a first schedule over the term (inherent in "Half of every loan was repayable in an ordinary way and the other half and interest [sic:and amortization fully linked to the index"-page 67) , and retiring the loan principal component by a second schedule over the term ("amortization fully linked to the index"-page 67.)

31. Per dependent claim 11, MUKHERERJEE et al. and BODIE demonstrates all elements as applied in the rejection of dependent claim 10, supra. MUKHERERJEE et al. further discloses: "retiring the fixed interest component by a first schedule over the term comprises means for reducing the amount in the fixed

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interest component by a predetermined portion at preselected iteration periods" (inherent in "amortization", page 67 of MUKH).

32. Per dependent claim 12,, MUKHERERJEE et al. and BODIE demonstrates all elements as applied in the rejection of dependent claim 10, supra. Per the method of determining payments, "Official Notice" is hereby taken that:

$$R = A/(PVIF)$$

were notoriously well-known in the art of loan amortization. It would have been obvious to PHOSITA at the time of the invention to employ these equations as was notoriously well-known in the art to perform the loan "amortization" of MUKHERERJEE et al. in view of BODIE ("amortization"-Page 66 of MUKH) in order to obtain equal payments over the amortization period of the combined method.

33. Per dependent claim 13 (12), "Official Notice" is hereby taken that balloon payments were notoriously well-known at the time of the invention. It would have been obvious to PHOSITA at the time of the invention to offer a "balloon payments" option to the loan of the combined device in order to reduce monthly payments and in order to allow for refinancing at the end of a term (and thus offer a loan with a shorter term).

34. Per dependent claim 14, MUKHERERJEE et al. and BODIE demonstrates all elements as applied in the rejection of dependent claim 5, supra. MUKHERERJEE et al further teaches wherein the account is a mortgage account (see rubric 'Mortgage Bank Bonds'-page 61).

35. Per dependent claim 15, MUKHERERJEE et al. and BODIE demonstrates all elements as applied in the rejection of dependent claim 5, supra. MUKHERERJEE et al further teaches multiplying the loan principle component by a rate of inflation ("Half and interest and amortization full linked to the index...

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there was never any downward adjustment-page 67) it is noted that MUKHERERJEE et al. discloses half interest linked loans. However, it would have been recognized to fully link the loans to inflation was within the scope of the teaching. Although half indexed loans provided the benefit of additional security to the borrower ("Borrowers naturally preferred a known rate of interest to an indefinite future liability"-page 69), the reference also teaches that inflation indexing is used to protect banks from interest linked obligations (rubric 'Bank Pools'-page 68), full indexing would thus have provided additional revenue for lenders. Also, MUKHERERJEE et al. further teaches a bond with "a full index clause" rubric 'Techniques of Index Linking'-page 59)

36. Per dependent claim 16 (1); MUKHERERJEE discloses claimed "consumer price indexing" means ('cost of living index' page 61, mid-page; 'domestic wholesale price revenue for lenders. It is further noted that MUKHERERJEE et al. discloses claimed "consumer price index"-page 57; "domestic sub-index"-page 61, mid-page noting 'domestic wholesale price index'-page 57; "domestic sub-index"-page 61, mid-page noting that these were all well known methods of measuring inflation)

37. Per dependent claim 17, MUKHERERJEE et al and MUSAMANNO et al. demonstrates all elements as applied in the rejection of independent claim 1, supra Regarding, "a bond" "a CD", or "an annuity" it is noted that this is Markush claim (although not in usual Markush format) See Ex parte Markush, 1925 C.D. 126 (Comm'r Pat 1925). MUKHERERJEE et al explicitly discloses a CD (page 51, noting the minimum term for the deposit) and bond accounts (page 52, Paragraph 5 et seq.). MUKHERERJEE et al. further discloses claimed bonds (e.g., mortgage bank bonds' & 'industrial bonds'-page 61 rubrics, It is noted, on-line in the interest of "compact prosecution", that the claimed annuity would have been an obvious variation of the indexed deposit account, because an annuity would have reflected underlying savings

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vehicles, a and an inflation indexed savings vehicle was explicitly disclosed by MUKHERERJEE et al. and MUSAMANNO et al.. It would have been obvious to PHOSITA at the time of the invention to employ the inflation indexed account of MUKHERERJEE et al. and MUSAMANNO et al. in an annuity in order to inflation proof the annuity, and thus give investors peace of mind against an inflation ridden economy. It is further suggested by indexing "life insurance"-page 64 Paragraph 2 et seq.).

38. Per dependent claim 18, MUKHERERJEE et al and MUSAMANNO et al. demonstrates all elements as applied in the rejection of independent claim 1, supra. MUKHERERJEE et al further discloses "enhancing the loan principal component in a manner responsive to the variable interest component by multiplying the loan principal component by a variable interest rate and adding at least a predetermined portion of their product to the loan principal component) ("for example, a year when the indexed rose by 10 %... 2% on all its outstanding loans"-page 68, Pps. 1-2.

39. Per dependent claim 19, MUKHERERJEE et al and MUSAMANNO et al. demonstrates all elements as applied in the rejection of independent claim 1, supra. MUKHERERJEE et al further discloses claimed multiplying principle by accrual component responsive to a rate of inflation ("increase the principle by 10% for every 10% rise in the domestic wholesale price index"-page 57 rubric 'Bonds issued by Finnish Government'; "Capital was increased by as many as 2 per cents, no reduction would take place if the index fell"-page 51, Paragraph 4).

40. Per dependent claim 20, this is a well known method of retiring s deposit and is implicit in the obviousness rejection of independent claim 1, supra, because retirement of deposits at fixed intervals was well-known and would have had the added benefit reduced paperwork, based on "common sense" in light of the expertise of a PHOSITA in the technical field of endeavor.

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41. Per dependent claim 21,, MUKHERERJEE et al. and BODIE demonstrates all elements as applied in the rejection of dependent claim 12, supra. Per the method of paying out amortized deposits, "Official Notice" is hereby taken that: were notoriously well-known amortization techniques. It would have been obvious to PHOSITA at the time of the invention to employ these equations as was notoriously well-known in the art to perform the loan "amortization" of MUKHERERJEE et al. in view of BODIE ("amortization"-Page 66 of MUKH) in order to obtain equal payments over the amortization period of the combined method.

42. Per dependent claim 22, "Official Notice" is taken that it was notoriously well-known to pay out savings instruments in a lump-sum at the time of the invention. It would have been obvious to PHOSITA at the time of the invention to provide the ability to make a lump sum payment in the savings instrument of MUKHERERJEE et al. in view of BODIE in order to accommodate a diverse variety of investment objectives of the consumers of the combined account management system.

43. Per dependent claim 23, MUKHERERJEE et al and MUSAMANNO et al. demonstrates all elements as applied in the rejection of independent claim 1, supra. MUKHERERJEE et al further discloses claimed multiplying principle by accrual component responsive to a rate of inflation ("increase the principle by 10% for every 10% rise in the domestic wholesale price index"-page 57 rubric 'Bonds issued by Finnish Government'; "Capital was increased by as many as 2 per cents, no reduction would take place if the index fell"-page 51, Paragraph 4)

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44. Claims 27 & 38 are rejected under 35 U.S.C. 103(a) as being unpatentable over (BATES # C26): MUKHERERJEE et al. , "Indexation in an Inflationary Economy: A Case Study of Finland," Broadsheet No.



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551, pp. 50-110, 00/1976, in view of MUSAMANNO et al.. US 4,774,663 A (09/1988) and (BATES # C2) WILLIAMSON, ed. "Inflation and Indexation: Argentina, Brazil, & Israel, MIT Press, 1985.

45. Per dependent claim 27 MUKHERERJEE et al. and MUSAMANNO lacks an explicit recitation of "the variable interest component for the current iteration period being enhanced at an index responsive to the rate of inflation of the accrual component for the previous iteration period". The index of MUKHERERJEE et al. was applied as a one time "interest" component ("Once the cost of living index ... had risen 2 points to 104, the capitol was increased by as many as 2 percents [sic.]" page 51, Paragraph 4). However, it was notoriously well-known that inflation changed continuously. "Official Notice" is hereby taken that it was notoriously wellknown to publish inflation on, for example, a monthly basis. It would have been obvious to PHOSITA at the time of the invention to accrue variable inflation payments in MUKHERERJEE et al. and MUSAMANNO on a daily or monthly basis in order to more accurately reflect market conditions, and thus would have reduced risk for both the lender and borrower due to transient inflation adjustments occurred between the time of settlement and the publication of inflation figures. Motivation to do this comes explicitly from WILLIAMSON noting that WILLIAMSON is in the same technical field of endeavor: inflation hedging by inflation adjusting "...Index clauses that restore their real value after fixed intervals of time... Unless the length of the period is minimal, 100 percent indexation clauses are an imperfect hedge against inflation"-page 32, mid-page).

46. Per dependent claim 38, MUKHERERJEE et al and MUSAMANNO et al. demonstrates all elements as applied in the rejection of independent claim 36, supra MUKHERERJEE et al in view of MUSAMANNO et al. fails to disclose, however, claimed " wherein said first, second, and third schedules are the same schedule. In fact, MUKHERERJEE et al. suggests that the loan surcharge is performed annually, wherein

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scheduled principle and interest payments appear to be on a more frequent interval. Official Notice is hereby taken that it was notoriously wellknown in the art at the time of the invention to repay interest and principle on consumer loans, for example mortgages, on a monthly schedule of payments. Furthermore, "Official Notice" is hereby taken that it was notoriously well-known to publish inflation on, for example, a monthly basis. It would have been obvious to PHOSITA at the time of the invention to accrue variable inflation payments in MUKHERERJEE et al. and MUSAMANNO et al. on a daily or monthly basis in order to more accurately reflect market conditions, and thus would have reduced risk for both the lender and borrower due to transient inflation adjustments occurred between the time of settlement and the publication of inflation figures. Motivation to do this comes explicitly from WILLIAMSON (noting that WILLIAMSON is in the same technical field of endeavor: inflation hedging by inflation adjusting): "...Index clauses that restore their real value after fixed intervals of time... Unless the length of the period is minimal, 100 percent indexation clauses are an imperfect hedge against inflation-page 32).

(11)

*Response to Arguments*

Applicant's arguments filed 9/28/01 have been considered but are not persuasive.

First, there is a function which relates the rate of inflation to the amount by which the variable interest component must be adjusted. The Patent Owner has mischaracterized col 3 lines 11-24 of the '461 patent'. The passage goes on to state "Responsive to the rate of inflation, as used herein, means directly responsive to a market indicator of prior actual inflation and is not meant to include expected future inflation. The MUKHERERJEE et al reference means this limitation, because it is responsive to the rate of inflation, not to a future rate of inflation. The Patent Owner is confused in asserting that a "direct" relation(which is not explicitly claimed) requires that a function as claimed be "continuously variable".The observation thjat thresholds had been set per certain inflation rates does not preclude the cited reference from disclosing a

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“function”. The term is given a “broadest reasonable interpretation” which is consistent with its meaning in the art. The interest component varies as a function of inflation. The relationship is “direct” inasmuch as there is a causal relationship between prior inflation and indexing. This is not based on a future value of inflation. Even though MUKHRERJEE et. al. employs a different function from the preferred embodiment, this fact does not preclude it from meeting the “broadest reasonable interpretation” of the term function as would be accepted in the art at the time of the invention. In response to Patent Owner’s argument that the references fail to show certain features of Applicant’s invention, it is noted that the features upon which Applicant relies (i.e., continually variable function) are not recited in the rejected claims. Although the claims are interpreted in the light of the specification, limitations from the specification are not read into the claims. See *In re Van Geuns*, 988 F. 2d 1181, 26 USPQ 2d 1057 (Fed. Cir. 1993).

It is well known that discrete functions are functions. The inflation adjustment is based on a calculation of the inflation rate. Therefore, it is a function, even if it is of a different functionality from the preferred embodiment.

Next, Applicant’s observation does not preclude the Finnish system from using a “function”.

Next, Applicant confuses “function” with a “continuous function”, “continuously variable function”, “directly proportional”, “first order” or “monotonic function”. This is not the case. The word is given its “broadest reasonable interpretation.”

Next, in certain embodiments, the MUKHRERJEE reference accounts have a term. CD’s explicitly have terms. It would have been obvious to PHOSITA at the time of the invention to include terms in the accounts of MUKHRERJEE et. al. for reasons previously provided. Therefore, “when determining the patentability of a claimed invention which combines two known elements, “the question is whether there is something in the

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prior art as a whole to suggest the desirability and the obviousness of making the combination” See *In re Beattle*, 974 F. 2d 1309, 1311-12, 24 USPQ 2d 1040, 1042 (Fed. Cir. 1992).

Next, MUSAMANNO et al teaches data processing software for managing plural accounts. It would have been obvious to PHOSITA at the time of the invention to reprogram a data processor to accommodate an inflation indexing scheme as demonstrated by MUKHRERJEE et. al in order to facilitate account management. Obviousness is tested by what the combined teachings of the references would have suggested to one of ordinary skill in the art. *In re Keller* 642 F. 2d 413, 425, 208 USPQ 871, 881 (CCPA 1981). In the instant case, one of ordinary skill in the art would have included the knowledge possessed by skilled computer programmers. The programming skill required to automate MUKHRERJEE et. al was available at the time of the invention. Motivation has been given to reprogram the data processors, as shown by MUSAMANNO et al.

Next, the patent under reexamination demonstrates mathematical formulae, not computer programming code. Because of the similarity between the enablement standard for a reference and for an inventor’s specification, an inventor’s argument that a publication is not enabling may be diluted if the publication provides the same level of detail as does the inventor’s specification *Constant v. Advanced Microwave Devices, Inc.* 7 USPQ 2d 1057 (Fed. Cir. 1988).

Next, Claims 25-26, 28-32, and 34-35 stand or fall with claim 24.

Next, in reply to Applicant’s arguments against the references individually, one cannot show nonobviousness by attacking references individually when the rejections are based on combinations of references or as in the present case, based on well-known references. See *In re Keller*, 642 F. 2d 413, 208 USPQ 871 (CCPA 1981).

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Next, although the suggestion to combine references may flow from the nature of the problem (See *Pro-Mold & Tool Co v. Great Lakes Plastics Inc.* 75 F 3d 1568, 1573, 37 USPQ 2d 1626, 1630 (Fed. Cir. 1996), the suggestion more often comes from the teachings of the pertinent references. (See *In re Sernaker* 702 F. 2d 989, 994, 217 USPQ 1, 5 (Fed. Cir. 1983), or from the ordinary knowledge of those skilled in the art that certain references are of special importance in a particular field see *Pro Mold*. Therefore, when determining the patentability of a claimed invention which combines two known elements, "the question is whether there is something in the *prior art as a whole to suggest the desirability and the obviousness of making the combination*. See *In re Beattie*, 974 F. 2d 1309, 1311-12, 24 USPQ 2d 1040, 1042 (Fed. Cir. 1992).

In the instant case, the Examiner has provided both the prior art references and the motivation to modify the prior art. The Examiner has met his burden.

Next, in response to Applicant's arguments against the references, one cannot show nonobviousness by attacking references individually when the rejections are based on combinations. See *In re Keller*. In the instant case, the Examiner has argued that banks inherently have assets, and Mortgage Banks inherently own property. This would have been a function of banks at the time of the invention. The Patent Owner has not successfully argued this point, much less addressed it.

Next, the Applicant has disputed that it was well-known to secure a deposit account with funds on deposit at the institution. The features upon which Applicant relies ("secure a deposit account with funds on deposit..") are not recited in the rejected claims. Although the claims are interpreted in the light of the specification, limitations from the specifications are not read into the claims. See *In re Van Geuns*, 988 F. 2d 1181, 26 USPQ 2d 1057 (Fed. Cir. 1993).

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Next, again, in response to Applicant's argument that the references do not show certain features of Applicant's invention, it is noted that the features upon which Applicant relies (i.e. "fully hedged") are not recited in the rejected claims. Although the claims are interpreted in the light of the specification, limitations from the specifications are not read into the claims. See *In re Van Geuns*, supra.

Next, "fully hedged" is not claimed. Additionally, "directly responsive" (not claimed) is demonstrated as described in detail, supra.

Next, this was addressed above in the first element.

Next, claims 37-44 stand or fall together.

Next, the part of BODIE relied upon is not the part that the applicant has referenced. It would have been obvious to revert to the prior art. Although BODIE claims to have a better system using futures, it acknowledged the existence of prior art. The combination of MUKHRERJEE et. al. with the prior art as set forth by BODIE would NOT have rendered MUKHRERJEE et. al. inoperable for its intended purposes. The rejection stands as set forth above.

Finally, claims 2-22, 31, 33, 34 stand or fall with their respective parent claims.

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For the reasons set forth herein, the Examiner's rejections should be sustained.

Respectfully submitted,

(Dr.) Geoffrey R. Akers

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